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Dan Smoot Report

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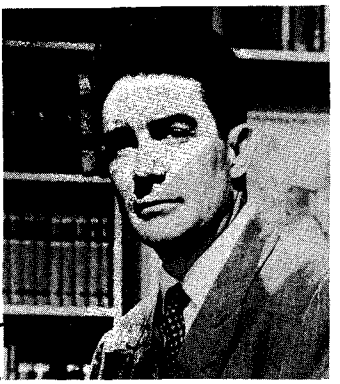

DAN SMOOT

GOVERNMENT GUARANTEED SECURITY

Concerning the rent-subsidy portion of the Housing and Urban Development Act of 1965 (HR 7984), U. S. Representative Richard L. Roudebush (Indiana Republican) says:

Mark Wednesday, June 30, 1965, on your calendar as the day housing was socialized in America.

By a slim vote of 208-202, a $6 billion rent subsidy bill (scaled down from an $8 billion proposal) passed the U. S. House of Representatives.

The vote came after three days of the bitterest and most hotly contested debate that has occurred in my 4½ years in the Congress. It was the closest vote on important legislation this session.

Despite LBJ's overwhelming majority in the House, this legislation is so unmistakably socialism in its purest form and such a radical departure from the traditional American thinking that it resulted in an extremely close vote.

Our six-vote defeat on what I consider a key vote if there ever was one, was doubly hard to take because 19 Congressmen were not even present to vote and five Congressmen did not vote "aye" or "nay" but only answered "present" on the crucial roll call vote. My vote was cast in opposition.[1]

The rent subsidy measure could provide rent assistance for over half the families in the United States, will benefit families with income up to $11,200 in New York and, although advanced as an "experimental" program, will run 40 years.

The worst feature of the bill is that it strikes at the very heart of America—our strong middle class. Persons who have toiled and saved and worked extra hard to buy a home of their own

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will now find themselves pushed to the wall financially to pay the rent of their less ambitious and energetic neighbors.

The bill will create another huge class of parasites living off of the Federal government, and, of course, will be utilized and managed in a political manner for partisan purposes by the Great Society.

Ownership of private property has been a keystone of our society and one of the chief reasons the American way of life has flourished. Now Americans are going to be offered a rent subsidy in return for another measure of their independence.

Because of the huge LBJ landslide last fall which swept into Washington the most liberal Congress in our nation's history, the socialization of America is proceeding at a rate undreamed of by the most optimistic "planner."

Those who believe they know how you should live your life are in complete control in Washington, and by the time the 89th Congress leaves office at the end of 1966, this country will be so far down the road it may be impossible to retrieve the freedom we will have lost.[2]

Representative Roudebush cited the following editorial comment about the rent-subsidy scheme:

"The rent supplement plan is merely the latest, though the most extreme, expression of the political philosophy which would create an egalitarian socio-economy, irrespective of individual merit, with subsidies financed by the ambitious, the industrious, and the worthy . . . the real issue is whether the Federal Union is to undergo its greatest transformation thus far into a collectivist state" — Arthur Krock, *The New York Times,* May 26.

"The philosophy of the program is a significant departure. It would extend the hand of direct federal subsidy to families well above the official poverty line. The rent subsidy proposal has re-emerged as one of the Great Society's boldest ventures into welfarism"—Charles Bartlett, *Washington Evening Star,* April 29.

"Aside from the positively astronomical cost of this scheme over the long pull—a cost totaling high into the billions—there is its complete unsoundness. The plan would permit rent subsidies to families with incomes ranging as high as $8,900 in New York City. The fact that such families never before have even been considered to be appropriate recipients of federal largesse makes no difference to this administration" — *Richmond Times-Dispatch,* Richmond, Va., June 19.

"The rent subsidies proposal is goofy enough to get a political party ridden out of town on a rail of ridicule. The administration drew hard on its imagination to find some class of Americans who could be supplied with housing. It hit upon the great American middle class"—Holmes Alexander, *St. Louis Globe-Democrat,* June 8.

"Should your friends and neighbors be encouraged to tell tales about you if your rent is being subsidized by the Federal Government and you are earning too much money? On this contentious invasion-of-privacy score, a sharp battle is shaping up in Congress with most of the oral missiles due to be zeroed in on Robert C. Weaver, Administrator of the Housing and Home Finance Agency"—Thomas R. Guthrie, *Cleveland Plain Dealer,* May 26.[2]

During House debates on HR 7984, U. S. Representative Jackson E. Betts (Ohio Republican) said of the rent-subsidy plan:

I believe it has been rightly described as foreign to American concepts. It goes to the root of private ownership—killing the incentive of the American family to improve its living accommodations by its own efforts. This cynical device virtually destroys the normal desire for home-ownership; it makes renters wards of the Government.[2]

U. S. Representative Frances P. Bolton (Ohio Republican) said:

I am wondering if you are at all aware of the dangers of this new doctrine. Are you quite certain that when you make it possible for a

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man to feel little, if any, responsibility for his home, you are not endangering the very foundation stones of our free land?[2]

U. S. Representative A. Sydney Herlong, Jr. (Florida Democrat) said:

This whole business of attempting to embark on a program of rent subsidies or supplements has caused me to ponder just what comes next. If a man has sub-standard clothing, would we not have to give him a subsidy so that he can wear as expensive clothes as others? Recreation has become an integral part of our lives—would we not have to subsidize recreation to keep a man from feeling frustrated because he cannot afford the same recreational activities and clubs that his neighbor enjoys? . . .

This whole rent supplement idea is . . . ridiculous . . . . And that is why I cannot vote for it. The image that Congress . . . already has of yielding to whatever comes up here just because some arms are twisted is already bad enough.[2]

U. S. Representative Robert H. Michel (Illinois Republican) said:

Section 101 of this bill [Housing and Urban Development Act of 1965] poses a simple question: Is the United States ready for socialism? No other interpretation can be placed on this section, which proposes to subsidize some at the expense of the many. It seeks to make an American who has practiced ambition, frugality, and initiative, pay for an expensive experiment in federalized housing. Not only must he pay for his own home, taxes, and maintenance, but he must also pay taxes so that his neighbor can live in a bigger house, and pay much less for his housing. This is socialism. It penalizes thrift. It threatens to create a class of professional federalized tenants. It will foster concealment of income, and, of course, a monstrous bureaucracy to supervise and investigate the incomes of those living in Government-subsidized housing.

This bill is not progressive. It is a throwback to one of the most often-tried and always-found-wanting types of social experimentation. It is a thinly disguised revival of a socialistic scheme tried a century ago.

I propose that we change the name of part of this bill to the Brook Farm Act of 1965. Its modern trappings, the Housing and Urban Development Act of 1965, do not tell a true story. Let us look at Brook Farm. More than 100 years ago, Francois Fourier, a French social reformer, proposed to mass people into what he called phalanges. These were to be subdivided into beautiful tracts. The idea was that the members would derive their support from the labors of all. The project got underway in 1846. The . . . first unit burned, and the venture into communal living failed. Luckily the group did not have access to tax funds.

Section 101 (d), the rent subsidy section of the bill before us, is merely a revival of the Brook Farm principle. Separated from its utopian concept, it provides that people making up to $8,900 could move into bigger houses with their tax-paying neighbors picking up part of the tab. Statistics show that the costs could be astronomical. There are 190 million people in the United States. At an average of 4 per family, this creates a potential of 47 million families. Some 40 percent of them, or more than 18 million families, could qualify under the formula of eligibility concocted by Housing and Home Finance Director Robert Weaver. Should a family with earnings of $8,000 choose to live in a $220 per month home—maximum under the bill—their annual housing cost would be $2,640. The Federal Government would pick up the difference between the costs and one-fourth of their income, or $640 per year . . . .

It is obvious that this utopian plan would discourage homeownership. Why sacrifice and save, why build up an equity when the Federal Government stands ready to provide a dole of thousands of dollars per family over the course of 40 years? This bill would pyramid in cost as more and more families abandoned ownership in favor of subsidized rental.

This bill is clearly intended to make Uncle

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Sam the Nation's landlord. It, of course, is designed as a politically motivated effort to bring more people under the umbrella of paternalism. Behind the proposal, cloaked in the high-sounding phrases that the bill is aimed at the elderly, disadvantaged, and the poor, is a provision that it applies to those living in substandard housing. What is substandard is a matter of interpretation.

The slogan for this new excursion into mass dependency might well be "A check in every mailbox means a vote in every ballot box." Once relieved of the basic responsibility to provide housing by their own initiative, the desire of beneficiaries to continue this domiciliary dole would be automatic—as, hopefully, would be the tenure in office of those who supply it.

This legislation would be a giant step backward. It would be the antithesis of the American spirit. It penalizes thrift, narrows ambition, destroys initiative and the pride of self-sufficiency. It is bad legislation . . . .

The House today could do yeoman service to the American system by striking down this radical departure from our national heritage. Every American family that owns, or is buying, a home will be penalized by this ill-founded section of the bill. I would warn those zealots whose arms have been twisted to cast a vote for this fiscal fiasco that robbing Peter to pay Paul may not be good politics at all—there has been no ground swell of public demand for our Nation to go back 100 years in the housing field.[2]

U. S. Representative John B. Anderson (Illinois Republican) said:

I have not been able to determine, even after several days of hearings in the Committee on Rules, how much this is going to cost the taxpayers. Some people have put a price tag of $6 billion on it. Someone else said $7 billion . . . . Under one section alone, section 101, the eventual cost to taxpayers could be $8 billion . . . .

Not only is it gigantic in cost, but it is a bill that is revolutionary in its philosophy which it espouses and the concepts it seeks to introduce into the field of housing legislation . . . .

Over the weekend I noticed a speech that was delivered by a Mr. Donald Henderson who is the director of research . . . for the united planning organization, the group which coordinates the anti-poverty program in the District of Columbia . . . .

He said that the war on poverty should be aimed at bringing about fundamental changes in the American social structure.

And one of the things that he went on to stress as being necessary to produce those changes is, "facing the inevitability of the welfare state."

Believe me, we not only face, we accept in this bill the inevitability of the . . . welfare state. This is nothing short of a Brannan plan for city dwellers, a Brannan plan where there will be compensatory payments to allow the renter to upgrade his housing without any effort on his part but at the expense of the American taxpayers . . . .[2]

U. S. Representative William G. Bray (Indiana Republican) said:

The rent-subsidy proposal in the legislation before us is nothing less than an attempt to make the Federal Government the landlord for the entire American middle class. It has been estimated that this plan could eventually cover 40 percent of all American families. Yet, the Government's own census figures show that over 90 percent of all families in the $4,000 to $8,000 income group are adequately housed.

Who will police such a program? How will the Government determine that those receiving rent subsidies are not falsifying their income figures? An open invitation to the American people to turn into informers was freely given during the hearings on this bill . . . . Robert Weaver, Administrator of the Housing and Home Finance Agency [testified]: . . .

"There will be spot checks . . . and there is one other check, too, which I hate to say. Your friends and neighbors would be very much concerned about this. They are the best investigators that you have in these projects."

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Mr. Weaver later piously told a newspaper:

"We are not encouraging snooping. I was just reporting a fact of life."

How ironic, that this House, which has heard so many ringing speeches denouncing informers, should now be asked to approve legislation that, more than any other bill that has ever come before us, would turn Americans into a collection of snoops and sneaks, running to some Government agency with tales about their neighbors' income. And this has been gratuitously suggested by an administration official who will have a major part to play in the operation of this program if it becomes law.

If this provision becomes law, we can look forward to the day when there is just one landlord for all Americans: the Federal Government. When Nikita Krushchev visited the United States, he bragged that in the Soviet Union the Government took care of everyone's housing. That is true, but by American standards almost all of Russian housing would be classed as slums. A bureaucrat, in Russia called a commissar, determines whether you will live in a house the equal of a pigsty or in one of the better houses. Is this what we want in our country?

Why stop with subsidies for rent? The same distorted logic which seeks to justify this program may be just as easily applied to automobiles, clothes and, for that matter, television sets. Why not subsidize them as well? The government is already on its way to paying doctor bills and this program would provide for rent. What is next on the list? . . .

The minority report on this bill sums up the rent-subsidy provision very well: it is foreign to American concepts; it kills the incentive of the American family to improve its living accommodations by its own efforts; it kills the incentive for home ownership; it makes renters wards of the Government; it is a system of economic integration of housing through Government subsidy; and it is the way of the socialistic state.[2]

The comments quoted above deal primarily with only one sub-section of one title of the Housing and Urban Development Act of 1965. In its entirety, the Act is a monstrous piece of unconstitutional, socialistic legislation which will make the federal government not only the nation's landlord, but also the dictatorial manager of the nation's cities, colleges, farms, parks, recreation facilities. The Act has ten "Titles."

TITLE I

—Authorizes the Administrator of the Housing and Home Finance Agency to grant rent subsidies to physically handicapped persons; to persons aged 62 or older; to occupants of substandard housing; to persons displaced from their homes by government action in connection with urban renewal projects, highway construction, and so on. The Administrator will have broad authority to decide who qualifies for rent subsidies. The size of the federal subsidy will be limited to the difference between 25% of the occupant's income and the fair market rental charge for the place he lives in. The federal housing administrator will decide what is fair market rental charge. The persons to receive federal rent subsidies will be selected by owners of the housing units to be rented. The housing must be built by private, non-profit (or limited dividend) corporations, or by cooperatives which financed the building with FHA-insured mortgages. The federal housing administrator will make 40-year rent-supplement contracts with the owners.

—Extends until October 1, 1969, the FHA Home Loan programs to persons of low and moderate income, and to persons displaced from previous housing by government action.

—Authorizes gifts of federal tax money (up to $1500 each) for repairs and improvements of private homes in urban renewal areas; authorizes

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smaller gifts to persons, not living in urban renewal areas, who have annual incomes of less than $2000.

—Extends the low-rent public housing program to October 1, 1969, authorizing expenditures of $554,250,000.

—Amends existing law to provide that handicapped families can receive the same federal assistance in pubic housing as elderly persons receive; to remove limitation on the amount of federal tax money that may be lent to provide housing for the elderly and the handicapped (the existing limitation was a $350,000,000 ceiling); to reduce interest rate on such federal loans to 3% (existing rates were 3¾% and 4%).

TITLE II

—Authorizes FHA insurance on loans, to developers, for land acquisition.

—Provides for a moratorium in payments on FHA-insured loans to homeowners who are unemployed because of the closing of a federal facility.

—Authorizes the Secretary of Defense to buy FHA-insured homes (for subsequent disposal by FHA) from homeowners who, thrown out of work by the closing of a federal facility, cannot sell their homes on reasonable terms.

—Establishes a new FHA program for veterans who have not already received GI loans, and provides that the new FHA loans may cover 100% of single-family houses costing up to $20,000, 85% of any additional amount up to $30,000.

—Expands existing FHA programs.

TITLE III

—Continues the urban renewal program for another four years, authorizing $2,900,000,000 (two billion, 900 million) in urban renewal grants during that period.

—Authorizes unlimited appropriations for rehabilitation loans in urban renewal areas.

TITLE IV

—Establishes uniform procedures for compensating persons whose land has been seized, under eminent domain, for some program of the federal housing administration.

TITLE V

—Extends, for another four years, the program of federal loans for college housing, authorizing expenditures of $1,200,000,000 (one billion, 200 million) during that period.

TITLE VI

—Authorizes the federal housing administrator to make "Community Facilities" grants to local public agencies, for: two-thirds of the cost of neighborhood health and recreation centers, and similar community services; one-half of the cost of public water and sewage facilities (provided the facilities are approved by the Secretary of Health, Education and Welfare).

TITLE VII

—Increases by $1,600,000,000 (one billion, 600 million) the amount the Federal National Mortgage Association may use in buying FHA-insured mortgages on housing for low-income and moderate-income families, on housing for elderly and handicapped persons, and on property in urban renewal areas.

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TITLE VIII

—Removes limitation on amount of federal tax money that may be used as grants for the purchase of land, and for other purposes, in connection with land beautification, park improvement, creation of open space areas in cities, and so on. Authorizes increase in federal underwriting of such projects to 40% of total cost; and authorizes use of federal funds for surveys and studies.

TITLE IX

—Authorizes the Farmers' Home Administration to make loans for the purchase of land and other farm properties; establishes a new program of loans for farm home improvements; increases to $50,000,000 (50 million) the authorization for grants to sponsors of rent housing for domestic farm labor.

TITLE X

—Removes limitation on amount of federal tax money that may be granted for urban planning and for public works planning.

—Authorizes loans to private non-profit corporations for financing water and sewage systems.

—Gives savings and loan associations special authorization to make loans for the construction of college dormitories, fraternity or sorority houses, and for dwellings to be used by staff members of community hospitals.

The Housing and Urban Development Act was proposed by President Lyndon B. Johnson on March 2, 1965. The original administration bill was amended in committee, and reintroduced as HR 7984 on May 7, 1965, by U. S. Representative Wright Patman (Texas Democrat). On June 30, 1965, the House, by a vote of 208 to 202, defeated an effort to remove the rent subsidy section. On the same day, the House, by a vote of 245 to 169, passed the Housing and Urban Development Act with the rent subsidy in it.[1]

United States Senator John J. Sparkman (Alabama Democrat) introduced S 2213, which is only slightly different from HR 7984. S 2213 has already been reported out of committee and is now awaiting final action by the Senate.

Criticism of the rent subsidy scheme (quoted

WHO IS DAN SMOOT?

Born in Missouri, reared in Texas, Dan Smoot went to SMU getting BA and MA degrees, 1938 and 1940. In 1941 he joined the faculty at Harvard as a Teaching Fellow, doing graduate work for a doctorate in American civilization. From 1942 to 1951, he was an FBI agent: three and a half years on communist investigations; two years on FBI headquarters staff; almost four years on general FBI cases in various places. He resigned from the FBI and, from 1951 to 1955, was commentator on national radio and television programs, giving *both* sides of controversial issues. In July, 1955, he started his present profit-supported, free-enterprise business: publishing *The Dan Smoot Report*, a weekly magazine available by subscription; and producing a weekly news-analysis radio and television broadcast, available for sponsorship by reputable business firms, as an advertising vehicle. The *Report* and broadcast give *one* side of important issues: the side that presents documented truth using the American Constitution as a yardstick. If you think Smoot's materials are effective against socialism and communism, you can help immensely — help get subscribers for the *Report*, commercial sponsors for the broadcast.

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at the outset of this *Report*) alleges that members of Congress support this legislation because of "arm twisting." This is an inelegant way of telling the shameful truth: the present Congress of the United States is legislating not on the basis of constitutional principle or even of personal conviction, but on the corrupt basis of political barter.

The Housing and Urban Development Act, now pending in the United States Senate, could be stopped, if enough Americans stormed their Senators with protests—not just protests against the rent subsidy section, but against the whole bill.

When will people awaken and take action to save their Republic? That question harrows the souls of all patriots, because time is running out.

Congress, under the "arm twisting" of President Johnson, is rapidly dragging an apathetic people into the quagmire of socialism. The end will be poverty and degradation for the United States of America.

Who will bear the torch of liberty and where will it burn, after Americans have completed the sale of their magnificent birthright for the false promise of government-guaranteed security?

FOOTNOTES

(1) The roll call vote on the rent subsidy, as well as the vote on final passage of the Housing and Urban Development Act of 1965, will be included in a subsequent issue of this *Report*.

(2) The remarks of U. S. Representative Richard L. Roudebush are taken from his newsletter of July 5, 1965. The remarks of other U. S. Representatives are taken from debates on the rent subsidy and can be found in the *Congressional Records* of June 28, 29, and 30, 1965.

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